

Message Text

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SUBJECT: SLOVENIAN ECONOMIC TEAM VISITS

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TO: VIRGINIA YORIO FOR J.S. WALKER, USYEC
GENERAL ELECTRIC COMPANY
570 LEXINGTON AVENUE
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TELEX NO. RCA 234 698

SUMMARY: EMBASSY/CONGEN ECONOMIC TEAM VISITED SLOVENIA FOR TWO 2-DAY TRIPS IN APRIL AND JUNE. THE TEAM CALLED ON ENTERPRISES UNFAMILIAR WITH THE AMERICAN MARKET AND TECHNOLOGY, AS WELL AS SEVERAL ENTERPRISES WHICH HAVE SUCCESSFULLY COMPETED IN THE U.S. MARKET FOR SOME TIME. SEVERAL FIRMS SHOWED GENUINE INTEREST IN EXPANDING THEIR U.S. SALES AND SOUGHT DISTRIBUTORS IN ORDER TO DO SO. TWO ALUMINUM ENTERPRISES, ONE ENGAGED IN PRODUCTION AND THE OTHER IN PROCESSING, PRESENTED INTERESTING JOINT VENTURE AND MAJOR PROJECT POSSIBILITIES. OTHER ENTERPRISES, MORE FAMILIAR WITH THE U.S. MARKET, HAD SPECIFIC REQUESTS OR COMPLAINTS TO MAKE. THE EMPHASIS IN THE MEETING WAS IN GETTING AN OVERVIEW OF THE CURRENT LEVEL AND SCOPE OF SLOVENIAN ECONOMIC TIES WITH THE U.S. AND SPECIFIC PROBLEM AREAS, AS WELL AS IDENTIFYING NEW
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TRADE AND INVESTMENT OPPORTUNITIES. END SUMMARY.

1. ON APRIL 20-21 AND JUNE 22-23 AN ECONOMIC TEAM, CONSISTING OF EMBASSY ECONOMIC COUNSELOR, EMBOFF, AND ZAGREB CONGEN REPS MET WITH SLOVENIAN ENTERPRISES CURRENTLY HAVING OR WISHING TO HAVE ECONOMIC/COMMERCIAL TIES WITH THE UNITED STATES. IN ADDITION TO HOLDING TALKS WITH REPRESENTATIVES OF THE REPUBLICAN CHAMBER

OF ECONOMY AND REPRESENTATIVES OF 13 ENTERPRISES, THE TEAM ALSO VISITED TEN FACTORIES IN VARIOUS PARTS OF SLOVENIA. THE SLOVENIAN HOST FOR THE VISITS WAS JERNEJ JAN, PRESIDENT OF THE REPUBLICAN COMMITTEE FOR FOREIGN ECONOMIC RELATIONS.

2. THE FOLLOWING PROJECTS WERE HIGHLIGHTED AS OFFERING IMPORTANT TRADE AND INVESTMENT OPPORTUNITIES FOR U.S. FIRMS. IN SEVERAL INSTANCES THE YUGOSLAV ENTERPRISE HAS ALREADY BEEN IN CONTACT WITH ONE OR MORE U.S. COMPANIES REGARDING THESE OPPORTUNITIES.

A. ALUMINUM PRODUCTION. TOVARNA GLINICE IN ALUMINIJA (TGA) "BORIS KIDRIC", KIDRICEVO, ONE OF THE FOUR PRODUCERS OF ALUMINUM AND ALUMINA IN YUGOSLAVIA, PLANS TO BUILD A NEW ALUMINUM SMELTER AND TO RENOVATE TWO EXISTING SMELTERS. THE ENTIRE PROGRAM IS ESTIMATED TO COST ABOUT 150 MILLION DOLLARS. THE NEW SMELTER IS TO HAVE A CAPACITY OF 40,000 METRIC TONS ANNUALLY AND THE TOTAL OF THE RENOVATED SMELTERS WILL BE SLIGHTLY LESS. TGA "BORIS KIDRIC" PLANS TO MAKE FINAL DECISION ON THE PROJECT IN THE FALL AND TO BEGIN CONSTRUCTION NEXT SPRING. THEY ARE SEEKING ADVANCED TECHNOLOGY, CONSTRUCTION ASSISTANCE, AND NEW MACHINERY FOR THE SMELTERS. THEY STATED CLEARLY THAT THEY WOULD PREFER U.S. EQUIPMENT AND TECHNOLOGY. FOR MORE INFORMATION, INTERESTED U.S. FIRMS SHOULD CONTACT MILAN KRAJNIK, GENERAL DIRECTOR, TOVARNA GLINICE IN ALUMINIJA "BORIS KIDRIC", KIDRICEVO, YUGOSLAVIA, TELEPHONE MARIBOR 79610, TELEX 033 116.

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B. ALUMINUM PRODUCTS. INDUSTRIJA METALNIK POLIZDELKOV N. SOL. O. "IMPOL", SLOVENSKA BISTRICA, IS LOOKING FOR ADVANCED TECHNOLOGY, PREFERABLY IN JOINT VENTURES FOR THE PRODUCTION OF TIN FOIL AND ALUMINUM CANS FOR BEER, SOFT DRINKS AND MEAT PRODUCTS. THEY CURRENTLY PRODUCE 3000 METRIC TONS OF 9 MICRON ALUMINUM FOIL ANNUALLY. THEY NOW WANT TO PRODUCE 3000 ADDITIONAL TONS OF 5 MICRON ALUMINUM FOIL FOR INDUSTRIAL USE, PRIMARILY FOR THE ELECTRONICS INDUSTRY. THEY ESTIMATE THE COST OF THE FACTORY AT 8 MILLION DOLLARS, OF WHICH 49 PERCENT WOULD BE THE FOREIGN PARTNER'S SHARE. THE SECOND POSSIBLE JOINT VENTURE IS A FACTORY FOR THE PRODUCTION OF ABOUT 100 MILLION CANS PER YEAR FOR THE BEER, SOFT DRINK AND MEAT INDUSTRIES. IMPOL FEELS THAT BOTH JOINT VENTURES HAVE EXCELLENT PROSPECTS IN THE AS-YET-UNTAPPED YUGOSLAV MARKET FOR THESE PRODUCTS. INTERESTED FIRMS SHOULD CONTACT JOZE NAVKLER, GENERAL MANAGER, IMPOL, SLOVENSKA BISTRICA, YUGOSLAVIA, TELEPHONE (062) 81-061, TELEX 033 113 YU.

C. ENAMELWARE AND CONTAINERS. EMO OF CELJE IS LOOKING FOR A U.S. IMPORTER-DISTRIBUTOR AND/OR CUSTOMERS FOR TWO OF ITS NINE PRODUCT LINES. THE TWO LINES ARE ENAMELWARE PRODUCTS AND 20-FOOT STEEL CONTAINERS. EMO PRODUCES VARIOUS TYPES OF ENAMELWARE, BOTH LIGHT AND HEAVY, IN VARIOUS COLOR COMBINATIONS UNDER THE TRADEMARK

"TWO LIONS". YEARLY PRODUCTION IS OVER 9,000 TONS. IN ADDITION TO ENAMELWARE, EMO ALSO PRODUCES GALVANIZED AND ALUMINUM WARE. THE CONTAINER DIVISION PRODUCES DIFFERENT TYPES OF CONTAINERS AND PALLETS. THE TYPES OF CONTAINERS INCLUDE PLYWOOD, STEEL BOX CONTAINERS, STEEL OPEN TOP CONTAINERS, AND STEEL FLAT CONTAINERS. ALL OF THE ABOVE ARE CONSTRUCTED IN SIZED OF 20' X 8' X 8' AND 20' X 8' X 6'6", WITH THE EXCEPTION OF THE STEEL FLAT CONTAINERS WHICH ARE 20' X 8' X 4'3". THEY PLAN TO PRODUCE TANKS AND 40-FOOT CONTAINERS IN 1979. EMO ALSO PRODUCES PALLETS WITH A CARRYING CAPACITY OF 2.5 TONS. FIRMS INTERESTED IN THESE PRODUCT LINES SHOULD CONTACT FRANCI GAZVODA, GENERAL DIRECTOR, EMO, CELJE, YUGOSLAVIA, TELEPHONE (063) 23-921, TELEX 0335-12 YU EMO.

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D. AIRPORT EQUIPMENT. RIBNISKA KOVINSKA INDUSTRIJA "RIKO" OF RIBNICA, YUGOSLAVIA, IS LOOKING FOR A U.S. DISTRIBUTOR AND/OR END-USERS FOR ITS LINE OF AIRPORT EQUIPMENT. THIS PRODUCT LINE INCLUDES VARIOUS TYPES OF HEAVY-DUTY PLIABLE STEPS, TANK TRUCKS FOR AIRCRAFT TOILET CLEANING, AIRCRAFT TOWBARS, AND VARIOUS SMALLER PIECES OF EQUIPMENT IN USE AT ALL AIRPORTS. INTERESTED FIRMS SHOULD CONTACT JANEZ BOLHA, DIRECTOR OF SALES, RIKO, PRECNA 5, RIBNICA, YUGOSLAVIA, TELEPHONE (061) 87-074, TELEX YU-RIKO 31-482.

E. DECORATIVE LAMINATES. KEMICNA TOVARNA KOCEVJE "MELAMIN" OF KOCEVJE, YUGOSLAVIA, IS INTERESTED IN LOCATING A U.S. DISTRIBUTOR OR END-USERS FOR ITS PRODUCT LINE OF DECORATIVE LAMINATES. THESE "MELAPAN" SHEETS ARE THERMO-SETTING DECORATIVE LAMINATES MANUFACTURED ACCORDING TO NEMA LP-2-1957 AND WEST GERMAN DIN STANDARDS. INTERESTED FIRMS SHOULD CONTACT RAJKO VESEL, COMMERCIAL DIRECTOR, "MELAMIN", KOCEVJE, YUGOSLAVIA, TELEPHONE 86-115.

F. REFRIGERATORS, WASHING MACHINES AND TELEVISION SETS. GORENJE OF VELENJE IS A CONGLOMERATE WITH 18,000 WORKERS AND APPROXIMATELY 700 MILLION DOLLARS IN ANNUAL SALES, AMONG THEIR PRODUCT LINES ARE HOUSEHOLD APPLIANCES (WASHING MACHINES, DISH-WASHERS, REFRIGERATORS, DEEP FREEZERS, RANGES, TELEVISION SETS, AND SMALL KITCHEN APPLIANCES), ELECTRONIC EQUIPMENT, FORGED UNCLASSIFIED

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PRODUCTS (FORGING TOOLS, AGRICULTURAL TOOLS, MEDICAL EQUIPMENT, AND HOTEL EQUIPMENT), BOILERS AND RADIATORS, WELDING EQUIPMENT, AND KITCHEN FURNISHINGS, TOTAL EXPORT SALES ARE ABOUT 230 MILLION DOLLARS A YEAR. THEY PLAN SOON TO OPEN A SALES OFFICE IN CHICAGO TO INCREASE THEIR U.S. SALES. THEY ALREADY EXPORT COMPACT REFRIGERATORS TO THE U.S. AND FEEL THAT WASHING MACHINES AND TELEVISION SETS ARE ALSO GOOD MARKET POSSIBILITIES. THEY ARE LOOKING FOR A LARGE DISTRIBUTOR FOR THESE LINES, AS WELL AS POSSIBLY FOR THEIR OTHER PRODUCTS. INTERESTED DISTRIBUTORS SHOULD CONTACT MIHAEL VUTKOVIC, EXPORT MANAGER, GORENJE, VELENJE, YUGOSLAVIA, TELEPHONE (063) 851-000, TELEX 33616 YU SOGOR.

G. WINE. SLOVIN OF LJUBLJANA IS THE LEADING WINE DISTRIBUTOR IN SLOVENIA. IT IS SEEKING A U.S. WINE DISTRIBUTOR TO MARKET ITS WINE PRODUCTS THROUGHOUT THE U.S. INTERESTED U.S. COMPANIES SHOULD CONTACT MAKŠ VIHAR, FOREIGN TRADE DIRECTOR, SLOVIN, FRANKOPANSKA 18, 61001 LJUBLJANA, YUGOSLAVIA, TELEPHONE 323-442, TELEX 31374 YU SLOVIN.

3. IN ADDITION TO TRADE AND INVESTMENT OPPORTUNITIES, SEVERAL ENTERPRISES WELL ACQUAINTED WITH THE U.S. MARKET REQUESTED EMBASSY ADVICE AND ASSISTANCE IN A NUMBER OF AREAS. THESE PROBLEMS COULD BE BROKEN DOWN INTO TWO CATEGORIES: GENERALIZED SYSTEM OF PREFERENCES (GSP) AND QUOTAS.

A. CONCERNING GSP, SEVERAL ENTERPRISES EMPHASIZED THE IMPORTANCE OF GSP TO THEIR OPERATIONS. THERE WERE INQUIRIES ON HOW TO EXPAND THE NUMBER OF ARTICLES ELIGIBLE FOR GSP TREATMENT. THREE WOODEN FURNITURE MANUFACTURERS (SLOVENIJALES, LIPA AND LESNINA) UNANIMOUSLY AND VIGOROUSLY OUTLINED THEIR PROBLEM WITH THE DOLLAR CEILING ON IMPORTS IN EACH CATEGORY WHICH CANNOT BE EXCEEDED IF THE COUNTRY WISHES TO RETAIN ELIGIBILITY FOR GSP TREATMENT IN THAT CATEGORY IN THE FOLLOWING

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YEAR. ACCORDING TO THESE ENTERPRISES, THEY ANNUALLY FACE THE DILEMMA OF RESTRICTING SALES OR LOSING AN ESSENTIAL COMPETITIVE ADVANTAGE. THEY WOULD PREFER NO LIMIT AT ALL, BUT IF ONE IS NECESSARY, WOULD RECOMMEND THAT THE EUROPEAN SYSTEM BE INSTITUTED. UNDER IT, IF THE PRODUCT CEILING IS EXCEEDED IN ANY GIVEN YEAR, THE EXCESS SHIPMENTS DURING THAT YEAR ARE SUBJECT TO REGULAR CUSTOMS DUTIES. NEXT YEAR'S ELIGIBILITY FOR GYP IN THAT PRODUCT CATEGORY IS NOT AFFECTED, HOWEVER.

B. THE QUOTA PROBLEM WAS OF CONCERN TO INTERTRADE, AN IMPORT-EXPORT AGENCY REPRESENTING THE SPECIALTY STEEL MANUFACTURER, JESENICE STEELWORKS. INTERTRADE POINTS OUT THAT YUGOSLAVIA FALLS UNDER THE "OTHER COUNTRIES" QUOTA CATEGORY AND DOES NOT HAVE ITS OWN QUOTA. AS A RESULT, IT IS EXTREMELY DIFFICULT FOR JESENICE STEELWORKS TO OBTAIN U.S. ORDERS. IT NEVER KNOWS IF IT WILL BE ABLE TO OBTAIN THE IMPORT PERMIT. INTERTRADE REQUESTED ASSISTANCE IN OBTAINING A SPECIALTY STEEL QUOTA FOR YUGOSLAVIA. THEY POINTED OUT THAT THEY BOUGHT U.S. EQUIPMENT FOR THE STEEL MILL AND WOULD LIKE A CHANCE TO EARN HARD CURRENCY TO PAY OFF THE COST OF THE NEW EQUIPMENT. ACTION REQUESTED: EXPLORE WITH STR THE POSSIBILITY F YUGOSLAVIA OBTAINING ITS OWN QUOTA FOR SPECIALTY STEEL.

THE FIRM KOTEKS TOBUS EXPORTS A VARIETY OF TEXTILES AND SKI BOOTS TO THE U.S. AND WOULD LIKE TO INCLUDE WINTER SPORTSWEAR AS WELL. IT IS UNSURE WHETHER THIS TYPE OF APPAREL FALLS UNDER ANY QUOTA ARRANGEMENTS (TEXTILE OR OTHERWISE)--EITHER EXISTING OR UNDER SERIOUS CONSIDERATION. IT IS RELUCTANT TO PROCEED WITH A MARKETING EFFORT WITHOUT FURTHER INFORMATION. ACTION REQUESTED: INFORM EMBASSY OF ACTUAL OR LIKELY QUOTAS ON WINTER SPORTSWEAR EXPORTS TO THE U.S.
EAGLEBURGER

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